

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
BORROW AN ADDITIONAL SUM OF \$2,150,000)	
FROM THE UNITED STATES OF AMERICA AND TO)	
EXECUTE A NOTE FOR SAID AMOUNT AND TO)	
CONCURRENTLY BORROW FROM THE NATIONAL)	
BANK FOR COOPERATIVES THE SUM OF \$921,000)	CASE NO. 89-138
AND TO EXECUTE ITS NOTE THEREFOR TO BE)	
SECURED BY AN EXISTING COMMON MORTGAGE)	
HERETOFORE EXECUTED AND FOR A CERTIFICATE)	
OF CONVENIENCE AND NECESSITY AUTHORIZING)	
IT TO CONSTRUCT AND MAKE ADDITIONAL)	
IMPROVEMENTS AND EXTENSIONS TO ITS)	
EXISTING SYSTEM)	

O R D E R

Taylor County Rural Electric Cooperative Corporation ("Taylor County") filed its application on May 19, 1989 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow funds, and to execute its notes to secure such loan. These improvements and additions, more specifically described in the application, are estimated to cost \$3,071,125 and are to be financed by a loan of \$2,150,000 from the Rural Electrification Administration ("REA") and a loan of \$921,000 from the National Bank For Cooperatives ("NBC").

On September 7, 1989, the Commission issued an Interim Order granting Taylor County a Certificate of Public Convenience and Necessity for the proposed construction, but deferred ruling on

the proposed loans because final approval of the loans had not been received by Taylor County. In the response to the Commission's Order of June 16, 1989, Taylor County filed a copy of correspondence from NBC indicating that the loan for \$921,000 was approved and the final loan documents would be provided upon the receipt of loan approval from REA. Taylor County received approval of the REA loan on December 21, 1989 and filed a copy of the correspondence received from REA approving the loan on January 2, 1990.

FINDINGS AND ORDERS

The Commission, after consideration of the evidence of record and being otherwise sufficiently advised, finds that:

1. The purposed loan from NBC is for lawful objects within the corporate purposes of Taylor County, is necessary and appropriate for and consistent with the proper performance by Taylor County of its service to the public, and will not impair its ability to perform that service.

2. Taylor County is capable of executing its notes as security for the loan as stated herein.

3. Taylor County should select the interest rate program resulting in the net lowest cost of money to it over the term of the financing.

4. Taylor County should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Taylor County's application.

6. Taylor County should include in its monthly financial report to the Commission the current interest rate on its variable rate loans outstanding.

7. As the REA is an agency of the federal government, Commission approval of Taylor County's proposed loan with REA is not required pursuant to KRS 278.300(10).

IT IS THEREFORE ORDERED that:

1. Taylor County be and it hereby is authorized to borrow \$921,000 from NBC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Taylor County, at the time the first monies are drawn from NBC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

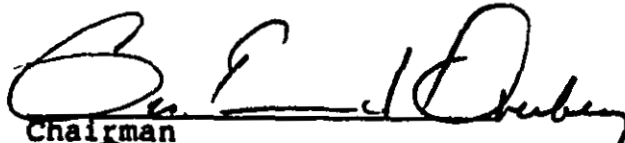
2. Taylor County be and hereby is authorized to execute its notes as security for the loan herein authorized.

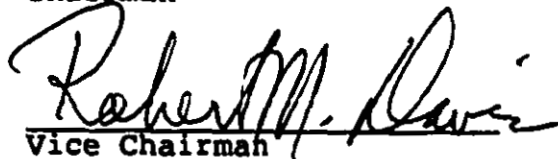
3. Taylor County shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 12th day of January, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director